



Program Description

The Arlington Retirement Board is an autonomous 5-person board which oversees the Town pension system under Massachusetts General Law, Chapter 32. Members of the Arlington Contributory Retirement System are active employees for the Town of Arlington, and the Arlington Housing Authority, who qualify for membership and retired employees who have fulfilled the requirements to be eligible to retire and have retired.

The Retirement Office is responsible for processing retirement and disability applications, a monthly retiree payroll, processing of refunds and transfers of annuity savings accounts, employee estimates of potential future benefits and the accounting for expenses, members' deductions and investment activities for the system as mandated by the Public Employees Retirement Administration Commission guidelines.

Non-Contributory Retirees are living retirees or survivors of retirees who had municipal employment that occurred prior to 1939, and are not members of the Arlington Contributory Retirement System. The Non-Contributory Retirees payroll and appropriation are under the jurisdiction of the Town of Arlington.

Budget Statement

The contributory pension budget for FY2013 has been increased by \$381,326. The non-contributory pension budget is projected to decrease by \$3,449 in FY 2013, with 5 remaining retirees.

PROGRAM COSTS

Pensions	FY2011 Actual	FY2012 Budget	FY2013 Request	FY2013 Fin Com
Personal Services				
Non Contributory	105,447	110,572	107,123	
Contributory	6,846,503	7,218,868	7,603,643	
Total	6,951,950	7,329,440	7,710,766	-

Performance / Workload Indicators

Pensions	FY2010 Actual	FY2011 Actual	FY2012 Estimated	FY2013 Estimated
Contributory Enrollees				
Active Employees	677	699	699	699
Retired Employees	626	636	636	641
Non-Contributory Enrollees	6	5	5	5



Retirement Board

John J. Bilafer, Chairman
Richard Keshian
Kenneth Hughes
Kenneth Steele
Ruth Lewis, Ex Officio

Retirement Administrator

Richard Greco

Assistant Retirement Administrator



Program Description

The insurance budget comprises the cost of providing the following coverages:

Health insurance for town and school active and retired employees.

Life insurance is required to be provided to all employees in the amount of \$5,000 which is split 50% town funded and 50% employee funded.

Medicare costs are the federally required 1.45% of the salary of all employees hired after April 1986. Employees must also contribute 1.45% of their salary.

Indemnity insurance includes property insurance and automobile insurance coverage. Property insurance is provided for all of the town and school buildings and those that are rented are covered for general liability. Automobile insurance is required for all the town and school vehicles.

Public Official Liability insurance covers all public officials, who in the performance of their official duties, may be sued for those actions.

Unemployment insurance is paid for the actual employees who have been laid off from their positions. Unlike private employers, the town does not pay a premium. The Town hires an outside firm to closely monitor our claims and to appeal any irregularities.

Workers' Compensation covers the costs of employees injured as a result of their employment.

The Flexible Benefit Plan is a Section 125 plan which is provided to the employees for dependent care and health care costs not provided through health insurance coverage. Employees contribute tax free to this plan through payroll deductions. This budget pays for the administration of that plan.

Budget Statement

FY2013 represents the first full fiscal year that town employees will be part of the Commonwealth's Group Insurance Commission (GIC). It is currently projected that GIC rates will increase by 8% in FY2013. Taking into account a full 12 months of participation in the GIC, along with the projected 8% rate increase, the FY 2013 health insurance appropriation is projected to decrease by \$660,689 or 4.29%. When FY2013 GIC rates are announced in March, the actual percentage increase will be adjusted. Early indications point to a GIC rate increase that will be favorable to the Town. Other insurance costs are projected to decrease by \$93,450 or 8.63% and this is due to a projected decrease in unemployment costs.

FY 2013 Objectives

- Continue the transition of employees to the Group Insurance Commission through information, education, and customer service.
- Successfully comply with Federal Health Insurance Reform.
- Maximize collection of available Federal subsidies for medicare drug costs (Part D) and early retirement reinsurance program (ERRP).
- Continue to promote and support wellness programs for our employees.
- Continually monitor enrollment to ensure Town is keeping costs in check.
- Continue to offer opt out program for employees and retirees.
- Further enhance the new First Point of Medical Contact Program for work-related injuries, saving time and costs in the medical treatment of our employees.
- Administer the Employee Health Mitigation Fund including successfully educating and supporting employees in the proper utilization of the Health Reimbursement Arrangement.

PROGRAM COSTS

	FY2011 Actual	FY2012 Budget	FY2013 Request	FY2013 Fin Com
Insurance				
Personal Services				
Group Life	44,839	55,000	55,000	
Group Health	15,994,029	14,618,859	13,873,170	
Unemployment Ins.	347,310	293,450	200,000	
Medicare	728,943	725,000	760,000	
Indemnity	203,272	250,000	250,000	
Liability	43,103	50,000	50,000	
Workers' Compensation	484,383	490,000	490,000	
Flexible Benefit Plan	(794)	800	50,800	
Total	17,845,085	16,483,109	15,728,970	-



Program Description

The **Health Insurance** budget provides for the Town's portion of the cost for providing health insurance benefits to all town employees, retirees and surviving spouses. The Town is a member of the Commonwealth's Group Insurance Commission, and therefore Town employees are enrolled in the same health plans as all state employees. The Town pays differing contribution splits based upon plan selection and bargaining unit, as demonstrated below.

Indemnity Plans (75% employer /25% employee):

Unicare State Indemnity Plan Basic with CIC
Unicare State Indemnity Plan Basic without CIC

HMO Plans (85/15% union and retirees):

Fallon Community Health Plan Direct Care
Fallon Community Health Plan Select Care
Harvard Pilgrim Primary Choice Plan
Health New England
Neighborhood Health Plan
Tufts Health Plan Spirit

PPO Plans (80/20% Non Public Safety and retirees w/o Medicare)
(75/25% Public Safety - Police and Fire)

Harvard Pilgrim Independence Plan
Tufts Health Plan Navigator
Unicare State Indemnity Plan/Community Choice
Unicare State Indemnity Plan/PLUS

Medicare Extension Plans:

Fallon Senior Plan (85/15%)
Harvard Pilgrim Medicare Enhance (75/25%)
Health New England MedPlus (85/15%)
Tufts Health Plan Medicare Complement (85/15%)
Tufts Health Plan Medicare Preferred (85/15%)
Unicare State Indemnity Plan/Medicare Ext. with CIC (75/25%)
Unicare State Indemnity Plan/Medicare Ext. without CIC (75/25%)

Dental Plan:

Delta Dental - Two levels of plan offerings – these plans are paid 100% by the employee.

FY 2013 Objectives

- Continue the transition of employees to the Group Insurance Commission through information, education, and customer service.
- Aggressively monitor retirees turning 65 and becoming Medicare eligible and ensure enrollment into appropriate plan. Maintain list of those turning 65 in the next sixth months and direct mail them semi-annually.
- Continually monitor enrollment to ensure Town is keeping costs in check.
- Continue to offer opt out program for employees and retirees, which is now utilized by over 50 subscribers, thereby providing the Town significant savings.
- Explore options for reducing retiree health care costs.

Budget Statement

FY2013 represents the first full fiscal year that town employees will be part of the Commonwealth's Group Insurance Commission (GIC). It is currently projected that GIC rates will increase by 8% in FY2013. Taking into account a full 12 months of participation in the GIC, along with the projected 8% rate increase, the FY 2013 health insurance appropriation is projected to decrease by \$660,689 or 4.29%. When FY2013 GIC rates are announced in March, the actual percentage increase will be adjusted. Early indications point to a GIC rate increase that will be favorable to the Town.



Major Accomplishments for 2011

- Actively engaged in the Municipal Health Reform process, which allowed for the Town to begin the process before regulations were finalized by the Commonwealth. This proactive approach allowed the Town to enter the Group Insurance Commission on 1/1/2012, thereby realizing 6 months of premium savings in FY2012.
- Successfully reached agreement with the Public Employee Committee to migrate all town employees' health insurance to the Commonwealth's Group Insurance Commission, resulting in significant savings for the Town.
- Controlled the costs of property insurance, liability insurance and automobile insurance.
- Successfully notified all retirees to ensure compliance with mandatory medicare enrollment.
- Implemented several successful new wellness programs.
- Submitted successful application for federal early retirement reinsurance program reimbursements.

Performance / Workload Indicators

	FY2010 Actual	FY2011 Actual	FY2012 Estimated	FY2013 Estimated
Health & Life Insurance				
Health Insurance Contracts Managed	1,923	1,878	1,870	1,830
Life Insurance Contracts Managed	1,079	1,067	1,050	1,050
Life Insurance Claims Processed	10	30	30	30



Health Insurance Cost Projections Former Plans vs. GIC



	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Former Plans	\$19.2	\$21.0	\$22.9	\$25.0	\$27.3	\$29.8
GIC	\$15.9	\$14.2	\$15.2	\$16.3	\$17.4	\$18.6
Annual Difference	\$3.3	\$6.8	\$7.7	\$8.7	\$9.9	\$11.2